



State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

May 25, 2004

CERTIFIED RETURN RECEIPT
7099 3400 0016 8896 0242

Mr. Seth McCourt
SF Phosphates Ltd Co.
9401 North Highway 191
Vernal, Utah 84078-7802

Subject: Five-Year Review of Reclamation Surety Estimate, SF Phosphates Ltd Company, Vernal Phosphates Mine, M/047/007, Uintah County, Utah

Dear Mr. McCourt:

The Division is performing the periodic review of reclamation surety estimates to verify their accuracy and make adjustments for escalation and any site modifications that could result in a change of the surety amount presently being held for the site. We require that surety estimates being held by the State include a five year escalation and be reviewed every five years. At SF Phosphate's request the bond escalation for the site calculated in 2001 was only escalated for 3 years. In 2001 when the bond was reviewed, SF Phosphate had submitted bids, used in the surety estimate, for the aerial seeding from Spurlock's Aviation, Craig's Roustabout Service to doze, disc and drill seed, and Tri Delta Iron & Metals for demolition of all structures at the site. These bids will need to be reviewed, recertified, and resubmitted for this bond review. These bids will need to be escalated for a three to five year period to cover our latest surety estimate escalation. If these bids are not submitted, the Division will recalculate the surety estimate utilizing the Means Heavy Construction Cost Data as a basis.

The reclamation surety for SF Phosphates Ltd Company's Vernal Phosphate Mine is due for review as of 2004. To assist us in this review, we request an updated map of your site showing current surface facilities and disturbances. Please provide the updated map at a scale of not less than 1 inch = 500 feet, which includes: buildings, stationary mining/processing equipment, roads, utilities, power lines, drainage structures (i.e. berms, culverts, etc.), topsoil, ore and product storage areas, overburden/waste dumps, tailings or processed

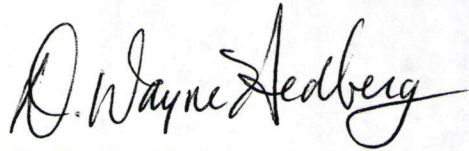
Seth McCourt
Page 2 of 2
M/047/007
May 25, 2004

waste facilities, solid and liquid wastes, and wastewater discharge treatment and containment facilities, etc. This map should include all areas which have been affected by this operation to date. Please ignore items listed above which do not apply to your site.

If any reclamation has been completed on the site since the last surety estimate review, please provide a separate map of the same scale as the site map, clearly identifying these reclaimed areas, the acreage affected, and the date of the reclamation. Please cross-hatch or shade the areas to identify the reclamation treatments (i.e. ripping, regrading, mulching, seeding, etc.) which have been applied.

Please provide this information within the next 60 days or no later than July 24, 2004. If you are unable to meet this timeframe, please contact the Division with justification for requesting additional time. Thank you for providing this information to assist us in our surety estimate review. If you have any questions concerning this letter, please contact Doug Jensen at (801) 538-5382.

Sincerely,

A handwritten signature in black ink that reads "D. Wayne Hedberg". The signature is fluid and cursive, with the first name "D." and last name "Hedberg" clearly legible.

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

DWH:DJ:jb
cc: Pete Sokolosky, BLM, Vernal FO
O:\M047-Uintah\M0470007-SFPhosphate\final\5yr-rev-05252004.doc